

Statement by David J. Reynolds
Commissioner, Department of Fleet & Facility Management
2013 Budget Hearing
October 18, 2012

INTRODUCTION

Good afternoon Chairman Austin and Members of the City Council. I am pleased to appear before you today to present the 2013 budget proposal for the Department of Fleet and Facility Management, also known as 2FM.

As you'll recall from last year's budget hearings, 2FM resulted from the consolidation of the former Department of Fleet Management, Department of General Services, and portions of the Department of Environment. Today I am pleased to inform you that this consolidation is complete and 2FM is successfully functioning as a single department responsible for the City's equipment and facilities as well as providing a number of other services in support of City operations, such as graphics and records management.

2FM's proposed budget for 2013 is \$321 million, up about \$6.1 million from 2012. This budget includes cost reductions in a number of accounts, such as electricity, natural gas, and facility leases. This budget also includes increased costs in a number of accounts, such as personnel, fuel, parts and outside services. Finally, 2FM's proposed budget for 2013 also includes nearly \$1 million in expenses associated with managing the City's vacant buildings, a responsibility transferred to 2FM from the Department of Housing and Economic Development in 2013.

I would now like to share with you some of 2FM's successes in 2012 and plans for 2013. I've organized this information consistent with 2FM's core functions of providing facilities, equipment, and services in support of City operations.

FACILITIES

2FM is responsible for managing the leased and owned facilities that support the day-to-day operations of the City of Chicago. Our portfolio currently includes 55 leased facilities and 374 owned facilities for a total facility count of 429.

One way that 2FM has been able to reduce facility costs is by exiting leased property. Since I appeared before you in October 2011 2FM has exited 13 leases for an annual savings of \$2.7

million. 2FM did enter into seven new leases in this time period at an annual cost of \$89,000, so the net reduction in leased facilities is six sites for an annual savings of \$2.6 million.

In 2013 2FM will be focused on vacating the space the City leases in 33 N. LaSalle, currently occupied by staff from the Law Department, Finance, the Department of Business Affairs and Consumer Protection, and the Department of Housing and Economic Development. 2FM has developed a plan to relocate these personnel into City Hall or into other leased property that still have considerable time left in their term. Vacating 33 N. LaSalle in 2013 2FM will result in a reduction of \$4.4 million in annual lease costs.

For the past several years 2FM and one of its predecessor departments, General Services, have been aggressively pursuing opportunities for energy efficiency in City facilities. We've also been more thoughtful in how the City procures energy and we've taken advantage of recent low prices, specifically for natural gas. Our success is best reflected in our annual energy costs. The City's spend on electricity (\$81mm) and natural gas (\$29mm) in 2010 was \$108.8 million. Our proposed budget for these utilities (\$69mm/\$22mm) in 2013 is \$91.0 million, a 16% reduction of \$17.8 million.

In 2013 2FM looks forward to making even greater strides in energy efficiency by participating in Retrofit Chicago with the Chicago Infrastructure Trust. Working with the Public Building Commission, 2FM is developing a portfolio of energy efficiency projects that will touch more than 250 of the City's facilities. Our estimated cost for this program is \$40 million. We will use the energy savings from these improvements to pay-back the cost of the program over a period of about 15 years.

Finally, 2FM is pursuing LEED for Existing Buildings, Operations and Maintenance certification for 20 libraries by early 2015. This certification will demonstrate that the libraries are operated in a manner that saves energy, conserves resources, and provides a healthy indoor environment for the facility users. 2FM will work with the Chicago Public Library to take the lessons learned from these 20 facilities and replicate them throughout the library portfolio.

EQUIPMENT

2FM is responsible for managing the leased and owned equipment that support the day-to-day operations of the City of Chicago. Our portfolio currently includes 444 pieces of leased equipment and 10,573 pieces of owned equipment for a total equipment count of 11,017. We also provide equipment maintenance services and fuel to a number of the City's sister agencies,

such as the Chicago Park District, the Chicago Transit Authority, City Colleges of Chicago, and Chicago Public Schools. The total sister agency fleet size, including leased, owned, and rented equipment, is 1,726 units.

One way of reducing the cost of managing the City's fleet is by reducing the amount of equipment the City owns. So far in 2012 2FM has worked with the Department of Procurement Services to auction-off 645 pieces of obsolete or surplus equipment, generating \$2.2 million in revenue.

Another way of reducing the amount of equipment the City owns is by leasing equipment rather than buying it new. A good example of this is 2FM's initiative to lease light-duty vehicles, such as pick-up trucks, vans, and SUVs. 2FM currently leases 132 light-duty vehicles. By leasing these vehicles rather than buying them new we estimate an annual savings to the City of more than \$100,000. In 2013 we intend to build on this success by leasing an additional 125 light-duty vehicles, bringing the total to 257.

Another way 2FM manages the cost of the City's light-duty fleet is through car-sharing programs, such as Zip Car and Flex Fleet. The City has a contract with Zip Car to use its shared vehicles. The total number of City employees registered for Zip Car in 2012 is 269, up from 184 in 2011. 2FM would like to add another 131 registered employees in 2013, bringing the total to 400.

As a car-sharing program Flex Fleet operates much like Zip Car; the difference is that the cars being shared in the Flex Fleet program are owned by the City of Chicago. Compared to 2011, in 2012 2FM increased the number of Flex Fleet locations from 10 to 16 and the number of Flex Fleet vehicles from 50 to 86. The total number of City employees registered for Flex Fleet in 2012 is 868, up from 511 in 2011. 2FM would like to add another 132 registered employees in 2013, bringing the total to 1,000.

Since I appeared before this you in October 2011, the City of Chicago has had a very exciting development with respect to the sedans and SUVs the City purchases for use by the Police Department. In February 2012 2FM worked with the Department of Procurement Services to implement reverse auctions for new police sedans and SUVs. Dealers representing Ford Motor Company were the successful bidders in this auction. This means later in 2012 you'll start seeing Chicago Police officers driving Ford Sedans and SUVs manufactured right here in the City of Chicago at Ford's Torrence Avenue manufacturing facility. So far 2FM has ordered 56 pursuit sedans and 143 pursuit SUVs and we plan to order an additional nine pursuit SUVs in the

coming months. The City's order will increase even further when we've established a contract for pursuit sedans and SUVs that can be used with federal dollars.

SERVICES

In addition to managing the City's facilities and equipment, 2FM provides a number of services in support of the City of Chicago's operations. These include graphics and reproduction, mail delivery, and records management. With the addition of staff from the former Department of Environment to 2FM in 2012, these services have expanded to include providing environmental expertise and know-how to other City departments.

In 2012 2FM dedicated staff, including a newly hired Director, to develop an Environmental Health & Safety Program for 2FM and, eventually, for other City departments. Besides assisting with matters of environmental compliance, the purpose of this program is to reduce the frequency and severity of accidents experienced by City of Chicago employees. 2FM is currently developing and piloting a number of safety initiatives that will go City-wide in 2013.

2FM is already seeing the fruits of an increased focus on worker safety. In 2011, 2FM personnel reported 183 injuries; 29.5% of these injuries resulted in lost time and 54 employees were placed on some form of disability. So far in 2012, 2FM personnel have reported 141 injuries, trending an average reduction of about 8% from 2011. Of the reported injuries year-to-date, 14% resulted in lost time and 20 employees were placed on some form of disability.

Finally, another area where 2FM has increased its scope of services to save the City money is in the scanning of documents. In 2011 the Department of Innovation and Technology retained a contractor to provide these services at an annual cost of \$800,000. In 2012 2FM collaborated with DoIT and determined the bulk of the scanning work previously performed by the contractor could be performed by 2FM personnel with only a minimal investment in equipment. Staff from 2FM's Graphics and Reproduction Center began performing these services in September 2012, and all indications are we'll be able to provide all the services previously performed by the contractor, thereby eliminating the need for the contractor.

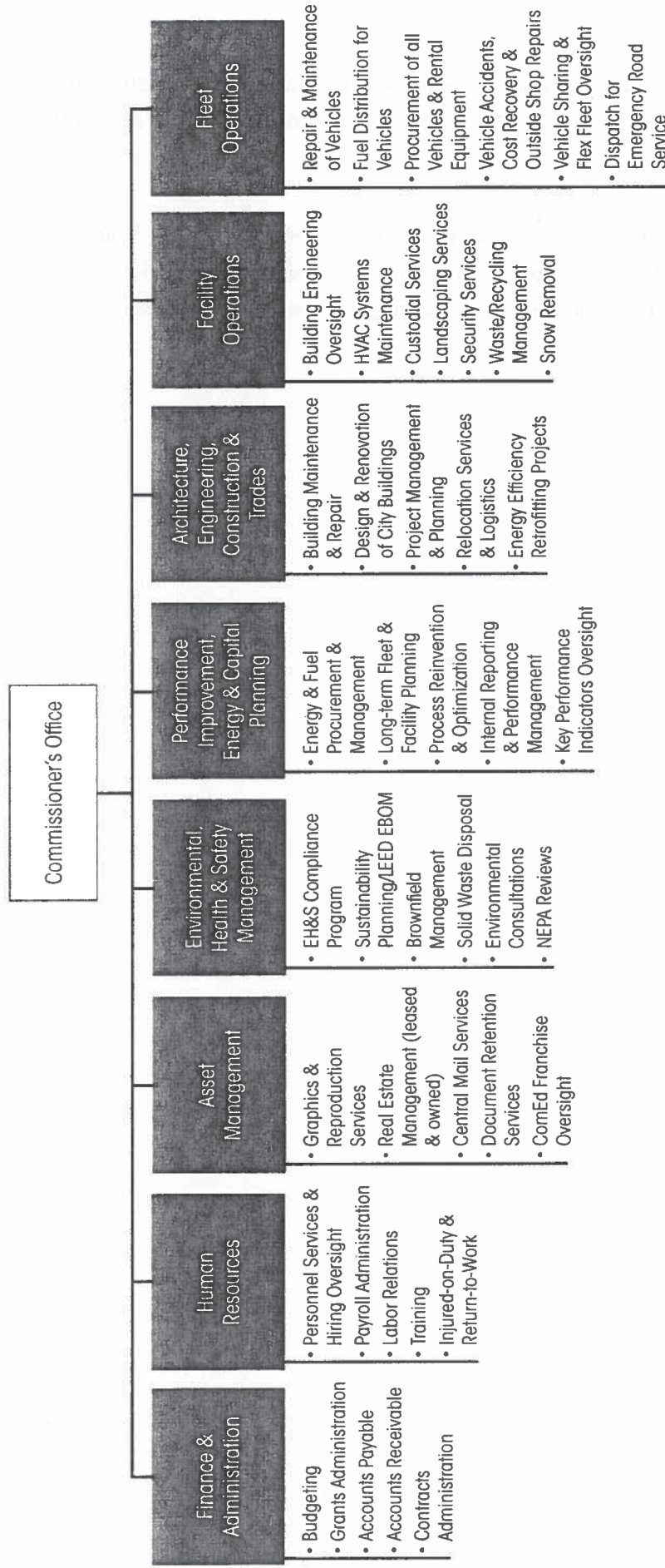
CLOSING

2FM's commitment to maintaining high quality services is reflected in this budget. We always welcome your advice and we look forward to working with you on various projects.

I would like to express my deepest gratitude to the men and women of 2FM for their hard work, dedication, and creativity. Their hard work is evident in the quality of services our clients receive daily.

Madam Chairman, this concludes my prepared statement. I thank you for your attention and for the attention of the City Council Members who were present during my statement. At this time my staff and I look forward to answering any question that you or other Members of the City Council may have.

DEPARTMENT OF FLEET & FACILITY MANAGEMENT



Department of Fleet & Facility Management

2013 Budget Hearing

MBE/WBE Data

Period: 01/01/2012 – 10/09/2012

Total Purchases: \$95,187,563.39

	MBE	WBE	Total MBE/WBE Purchases
Asian	\$6,284,350.26 (6.60%)	\$604.82 (0.00%)	
African-American	\$15,663,119.38 (16.46%)	\$437,723.63 (.46%)	
Hispanic	\$17,454,533.11 (18.34%)	\$143,702.65 (.15%)	
Non- Minority WBE		\$10,770,210.61 (11.32%)	
Total Spending	\$39,402,002.76 (41.39%)	\$11,356,241.71 (11.93%)	\$50,758,244.47 (53.32%)

Staffing Data

Department Ethnicity and Gender				
	Male	Female	Total	%
Asian	26	2	28	3
Black	174	56	230	24
Hispanic	163	21	184	19
White	493	29	522	54
Total	856	108	964	
	89%	11%		

New Hires Ethnicity and Gender				
	Male	Female	Total	%
Asian	2	0	2	14
Black	2	0	2	14
Hispanic	5	0	5	36
White	5	0	5	36
Total	14	0		
	100%	0%		

Department Managers Ethnicity and Gender				
	Male	Female	Total	%
Asian	0	0	0	0
Black	1	2	3	25
Hispanic	1	0	1	8
White	4	4	8	67
Total	6	6	12	
	50%	50%		

Interns

School	Gender	Race
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>